

**TITLE 303 - NEBRASKA ADMINISTRATIVE CODE, CHAPTER 24**

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS**

**RULES AND REGULATIONS GOVERNING  
RETIREMENT BENEFIT OPTIONS AND DISTRIBUTION RULES**

- adopted 9/21/98

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## Title 303 Nebraska Public Employees Retirement Systems

### Chapter 24 -- Retirement Benefit Options and Distribution Rules

001 General This regulation sets forth the retirement benefit options available to members of the Nebraska State Employees Retirement System, the Retirement System for Nebraska Counties, the Nebraska School Retirement System, and the Nebraska Judges Retirement System. This regulation also sets forth rules to ensure compliance with Internal Revenue Code section 401(a)(9) regarding required distributions.

#### 002 Definitions

002.01 Life Only Annuity shall mean a monthly benefit payable for the lifetime of the member. The benefit ceases upon death of the member.

002.02 Five Years Certain and Continuous Annuity shall mean a monthly benefit payable for the life of the member. If the member dies before sixty (60) monthly payments have been received, the benefit will continue to the member's beneficiary until 60 payments have been made.

002.03 Ten Years Certain and Continuous Annuity shall mean a monthly benefit payable for the life of the member. If the member dies before one-hundred twenty (120) monthly payments have been received, the benefit will continue to the member's beneficiary until 120 payments have been made.

002.04 Fifteen Years Certain and Continuous Annuity shall mean a monthly benefit payable for the life of the member. If the member dies before one-hundred eighty (180) monthly payments have been received, the benefit will continue to the member's beneficiary until 180 payments have been made.

002.05 Twenty Years Certain and Continuous Annuity shall mean a monthly benefit payable for the life of the member. If the member dies before two-hundred forty (240) monthly payments have been received, the benefit will continue to the member's beneficiary until 240 payments have been made.

002.06 Payments for a Designated Period Annuity shall mean a monthly benefit payable for a period of time designated by the member. The period of time designated must be at least five (5) years and not more than twenty (20) years in duration. Payments cease at the end of the designated period. If the member dies prior to receiving all payments due, payment will continue to the

member's designated beneficiary until all payments in the designated period have been made.

002.07 Joint and Survivor Annuity shall mean a benefit payable monthly for the lifetime of the member and the member's spouse. In the event of death of either person, the full benefit continues for the survivor's lifetime.

002.08 Modified Joint and Survivor Annuity shall mean a benefit payable monthly for the lifetime of the member and the member's spouse. In the event of death of either person, the benefit continues to the survivor at a specified rate of 50%, 66 2/3%, or 100%. The percentage is selected by the member at retirement.

002.09 Contingent Annuity shall mean a benefit payable monthly for the lifetime of the member. At the death of the member, the benefit continues to the surviving spouse at a specified rate of 50%, 66 2/3%, or 100%. The percentage is selected by the member at retirement. If the spouse predeceases the member, the benefit ceases when the member dies.

002.10 Cash Refund Annuity shall mean a benefit payable monthly for the lifetime of the member. In the event the member dies before receiving payments equal to the member's account balance at the time of retirement, the difference is paid in a lump sum to the member's beneficiary.

002.11 Lump Sum shall mean a refund of the member's account balance in lieu of an annuity.

002.12 Systematic Withdrawal shall mean periodic payments in an amount selected by the member. Payments shall cease when the member's account balance reaches zero.

002.13 Account Balance shall mean all employee contributions plus earnings or interest accrued on such account. In the State Employees Retirement System and the Retirement System for Nebraska Counties, account balance shall also include all employer contributions, plus accrued earnings, if the member is vested.

### 003 State and County Retirement Systems

003.01 Members of the Nebraska State Employees Retirement System and members of the Retirement System for Nebraska Counties may elect to receive a retirement benefit under the following options:

003.01(a) Life Only Annuity;

- 003.01(b) Ten Years Certain and Continuous Annuity;
- 003.01(c) Fifteen Years Certain and Continuous Annuity;
- 003.01(d) Twenty Years Certain and Continuous Annuity;
- 003.01(e) Cash Refund Annuity;
- 003.01(f) Payments for Designated Period Annuity;
- 003.01(g) Joint and Survivor Annuity;
- 003.01(h) Lump Sum; or
- 003.01(i) Systematic Withdrawal.

003.02 A member may select a partial lump sum distribution combined with a systematic withdrawal or annuity option with respect to the remainder of the member's account balance.

#### 004 School Retirement System

004.01 Members of the Nebraska School Retirement System may elect to receive a monthly retirement benefit under one of the following options:

- 004.01(a) Life Only Annuity;
- 004.01(b) Five Years Certain and Continuous Annuity;
- 004.01(c) Ten Years Certain and Continuous Annuity;
- 004.01(d) Fifteen Years Certain and Continuous Annuity;
- 004.01(e) Cash Refund Annuity; or
- 004.01(f) Joint and Survivor Annuity.

004.02 A member of the School Retirement System may elect a lump sum refund of the member's account balance in lieu of a monthly retirement benefit. A refund cancels all service credit earned by the member and the member forfeits the right to receive a monthly retirement benefit.

#### 005 Judges Retirement System

005.01 Members of the Nebraska Judges Retirement System may elect to receive a retirement benefit under one of the following options:

- 005.01(a) Life Only Annuity;
- 005.01(b) Five Years Certain and Continuous Annuity;
- 005.01(c) Ten Years Certain and Continuous Annuity;
- 005.01(d) Fifteen Years Certain and Continuous Annuity;
- 005.01(e) Cash Refund Annuity;
- 005.01(f) Modified Joint and Survivor Annuity; or
- 005.01(g) Contingent Annuity.

005.02 A member of the Judges Retirement System who terminates service as a judge prior to age sixty-five may elect to receive a lump sum refund. A refund cancels all service credit earned by the member and the member forfeits the right to receive a monthly retirement benefit. Termination of service at or subsequent to age sixty-five shall be considered normal retirement and an annuity option must be selected.

## 006 Minimum Distribution Rules

006.01 To the extent that provisions of the State Employees Retirement Act, the County Employees Retirement Act, the School Employees Retirement Act, the Nebraska State Patrol Retirement Act, and the Judges Retirement Act do not impose more restrictive distribution requirements, the following rules shall apply to ensure that retirement benefit distributions to members and their beneficiaries comply with the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code. Furthermore, in order to comply with the minimum distribution incidental benefit rule set forth in Internal Revenue Service regulations, the Board may restrict a member's choice of annuity options as necessary to ensure that plan distributions are for the primary benefit of the member and any payments to beneficiaries are merely incidental.

006.02 Benefits payable to a member shall be distributed not later than the required beginning date, or shall be distributed, beginning not later than the required beginning date, over the life of such member or over the lives of such member and a designated beneficiary (or over a period not extending beyond the life expectancy of such member or the life expectancy of such member and a designated beneficiary). For purposes of this section, the term "required beginning date" means the sixtieth day of the calendar year following the later of (a) the year



in which the member attains age 70 1/2 or (b) the year in which the participant retires from the employer maintaining the retirement plan.

006.03 If distribution of the member's interest has begun and the member dies before his or her entire interest has been distributed to the member, the remaining portion of such interest shall be distributed at least as rapidly as such distributions were being made before the member's death. If the member has not named a beneficiary to receive the remaining payments owed under the annuity option selected by the member, the personal representative of the member's estate may request that the remaining payments be converted to a lump sum amount. The lump sum amount shall reflect the lost investment earnings to the system by discounting the future required payments by the actuarial equivalent interest rate in effect for the retirement system from which the payments are being made.

006.04 Except as provided in sections 006.04A and 006.04B, if a member dies before the distribution of the member's interest has begun, the entire interest of the member shall be distributed within five years after the death of such member;

006.04A If any portion of the member's interest is payable to (or for the benefit of) a designated beneficiary, such portion may be distributed over the life (or life expectancy) of such designated beneficiary if such distribution begins not later than one year after the date of the member's death; and

006.04B If the designated beneficiary referred to in subsection 006.04A is the surviving spouse of the member, the date on which the distributions are required to begin under such section shall not be earlier than the date on which the member would have attained age 70 1/2. If the surviving spouse dies before the distributions to such spouse begin, then section 006.04 of these regulations shall be applied as if the surviving spouse were the member.

Enabling Legislation: Neb. Rev. Stat. sections 23-2317, 24-706, 24-710, 79-938, 79-955, 84-1319, and 84-1503, and Internal Revenue Code section 401(a).